

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

ALICIA MCKENZIE,

Plaintiff,

V.

ALEXION PHARMACEUTICALS, INC.,
DAVID R. BRENNAN, CHRISTOPHER J.
COUGHLIN, DEBORAH DUNSIRE, PAUL
A. FRIEDMAN, LUDWIG HANTSON,
JOHN T. MOLLEN, FRANCOIS NADER,
JUDITH A. REINS DORF, ANDREAS
RUMMELT, ASTRAZENECA PLC, DELTA
OMEGA SUB HOLDINGS INC., DELTA
OMEGA SUB HOLDINGS INC. 1, and
DELTA OMEGA SUB HOLDINGS LLC 2,

Defendants.

[illegible]

Case No. _____

JURY TRIAL DEMANDED

COMPLAINT FOR VIOLATION OF THE SECURITIES EXCHANGE ACT OF 1934

Plaintiff, by her attorneys, for this complaint against defendants, alleges the following upon personal knowledge with respect to herself, and upon information and belief based upon the investigation of counsel as to all other allegations herein:

NATURE OF ACTION

1. On December 12, 2020, Alexion Pharmaceuticals, Inc. (“Alexion” or the “Company”) entered into an agreement (the “Merger Agreement”) to be acquired by AstraZeneca PLC (“Parent”), Delta Omega Sub Holdings Inc. (“Bidco”), Delta Omega Sub Holdings Inc. 1 (“Merger Sub I”), and Delta Omega Sub Holdings LLC 2 (“Merger Sub II”) (together, “AstraZeneca”) (the “Proposed Merger”).

2. Under the terms of the Merger Agreement, Alexion's stockholders will receive 2.1243 American depository shares of Parent and \$60.00 in cash per share.

3. On February 19, 2021, defendants filed a registration statement (the “Registration Statement”) with the U.S. Securities and Exchange Commission (the “SEC”).

4. As alleged herein, the Registration Statement fails to disclose material information regarding the Proposed Merger, and defendants violated Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”).

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein pursuant to Section 27 of the Exchange Act because the claims asserted herein arise under Sections 14(a) and 20(a) of the Exchange Act and Rule 14a-9.

6. This Court has jurisdiction over defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a portion of the transactions and wrongs complained of herein occurred in this District.

THE PARTIES

8. Plaintiff is and has been continuously throughout all relevant times the owner of Alexion common stock.

9. Defendant Alexion is a Delaware corporation. Alexion’s common stock is traded on the NASDAQ under the ticker symbol “ALXN.”

10. Defendant David R. Brennan is Chairman of the Board of Directors of Alexion (the “Board”).

11. Defendant Christopher J. Coughlin is a member of the Board.

12. Defendant Deborah Dunsire is a member of the Board.
13. Defendant Paul A. Friedman is a member of the Board.
14. Defendant Ludwig Hantson is Chief Executive Officer and a member of the Board.
15. Defendant John T. Mollen is a member of the Board.
16. Defendant Francois Nader is a member of the Board.
17. Defendant Judith A. Reinsdorf is a member of the Board.
18. Defendant Andreas Rummelt is a member of the Board.
19. Defendants identified in ¶¶ 10-18 are referred to herein as the “Individual Defendants.”
20. Defendant Parent is a public limited company incorporated under the laws of England and Wales.
21. Defendant Bidco is a Delaware corporation and a wholly-owned subsidiary of Parent.
22. Defendant Merger Sub I is a Delaware corporation and a wholly-owned subsidiary of Bidco.
23. Defendant Merger Sub II is a Delaware limited liability company and a wholly-owned subsidiary of Bidco.

SUBSTANTIVE ALLEGATIONS

24. The Company is a global biopharmaceutical company that serves patients and families affected by rare diseases and conditions through the discovery, development, and commercialization of life-changing medicines.
25. On December 12, 2020, Alexion entered into the Merger Agreement, under which Alexion’s stockholders will receive 2.1243 American depository shares of Parent and \$60.00 per

share.

26. The press release announcing the Proposed Merger provides as follows:

AstraZeneca and Alexion Pharmaceuticals, Inc. (Alexion) have entered into a definitive agreement for AstraZeneca to acquire Alexion. []

Alexion shareholders will receive \$60 in cash and 2.1243 AstraZeneca American Depositary Shares (ADSs) (each ADS representing one-half of one (1/2) ordinary share of AstraZeneca, as evidenced by American Depositary Receipts (ADRs)) for each Alexion share. Based on AstraZeneca's reference average ADR price of \$54.14, this implies total consideration to Alexion shareholders of \$39bn or \$175 per share.

The boards of directors of both companies have unanimously approved the acquisition. Subject to receipt of regulatory clearances and approval by shareholders of both companies, the acquisition is expected to close in Q3 2021, and upon completion, Alexion shareholders will own c.15% of the combined company.

Pascal Soriot, Chief Executive Officer, AstraZeneca, said: "Alexion has established itself as a leader in complement biology, bringing life-changing benefits to patients with rare diseases. This acquisition allows us to enhance our presence in immunology. We look forward to welcoming our new colleagues at Alexion so that we can together build on our combined expertise in immunology and precision medicines to drive innovation that delivers life-changing medicines for more patients."

Ludwig Hantson, Ph.D., Chief Executive Officer, Alexion, said: "For nearly 30 years Alexion has worked to develop and deliver transformative medicines to patients around the world with rare and devastating diseases. I am incredibly proud of what our organisation has accomplished and am grateful to our employees for their contributions. This transaction marks the start of an exciting new chapter for Alexion. We bring to AstraZeneca a strong portfolio, innovative rare disease pipeline, a talented global workforce and strong manufacturing capabilities in biologics. We remain committed to continuing to serve the patients who rely on our medicines and firmly believe the combined organisation will be well positioned to accelerate innovation and deliver enhanced value for our shareholders, patients and the rare disease communities." []

Details of the acquisition

Key terms

The acquisition will be undertaken through a US statutory merger in which Alexion shareholders will receive \$60 in cash and 2.1243 new AstraZeneca ADSs listed on

the Nasdaq exchange for each of their Alexion shares. The cash and ADS consideration represents an c.45% premium to Alexion shareholders based on the closing stock price of Alexion on 11 December 2020 and a c.43% premium, based on the 30-day volume-weighted average closing stock price of \$122.04 before this announcement. If they elect, Alexion shareholders may receive their allocation of AstraZeneca ADSs in the form of a corresponding number of ordinary shares of AstraZeneca in addition to the cash consideration.

Based on AstraZeneca's reference average ADR price of \$54.14, this implies total consideration to Alexion shareholders of \$39bn or \$175 per share.

Financing

To support the financing of the offer consideration, AstraZeneca has entered into a new committed \$17.5bn bridge-financing facility, provided by Morgan Stanley, J.P. Morgan Securities plc and Goldman Sachs. The bridge-financing facility is available for an initial term of 12 months from the earlier of the date of completion of the acquisition and 12 December 2021 with up to two six-month extensions available at the discretion of AstraZeneca. The initial bridge financing facility is intended to cover the financing of the cash portion of the acquisition consideration and associated acquisition costs and to refinance the existing term loan and revolving credit facilities of Alexion. In due course, AstraZeneca intends to refinance the initial bridge-financing facility through a combination of new medium-term bank loan facilities, debt-capital market issuances and business cash flows.

The acquisition is expected to significantly enhance cash generation, which will support rapid debt reduction and overall deleveraging. AstraZeneca remains committed to maintaining a strong investment-grade credit rating. The dividend policy remains unchanged with a commitment to a progressive dividend policy; dividend cover is expected to be materially enhanced as a result of the acquisition.

Further information on synergies

The acquisition is expected to realise recurring run-rate pre-tax synergies of c.\$500m per year from the combined Group, generated from commercial and manufacturing efficiencies as well as savings in central costs, with full run-rate expected to be achieved by end of the third year following completion of the acquisition.

To realise the total synergies, AstraZeneca expects to incur one-time cash costs of c.\$650m, during the first three years following completion.

Management and employees

Members of Alexion's current senior management team will lead the future rare-

disease activities. Under the terms of the acquisition agreement, AstraZeneca has agreed that for 12 months following closing, it will provide the Alexion employees with the same level of salary as such employees had before closing, incentive compensation opportunities that are in the aggregate no less favourable than those provided before closing and substantially comparable benefits to those provided before closing.

Governance

The companies will mutually agree on two individuals from the Alexion board of directors who will join the AstraZeneca board as directors upon closing of the acquisition.

Closing conditions

Closing of the acquisition is subject to approval by AstraZeneca and Alexion shareholders, certain regulatory approvals, approval of the new AstraZeneca shares for listing with the Financial Conduct Authority and to trading on the London Stock Exchange, and other customary closing conditions.

The acquisition is a Class 1 transaction for AstraZeneca and as such, will require the approval of its shareholders to comply with the UK Listing Rules. A shareholder circular, together with notice of the relevant shareholder meeting, will be distributed to shareholders in the first half of 2021.

The Alexion proxy statement is also expected to be published in the first half of 2021.

Subject to the satisfaction of the closing conditions to the proposed acquisition, the companies expect the acquisition to close in Q3 2021.

Termination

The acquisition terms provide that Alexion will be liable to pay a break fee of up to \$1.2bn to AstraZeneca in certain specified circumstances (including a change of Alexion's board recommendation or completion of an alternative acquisition). AstraZeneca will also be required to pay Alexion a break fee of \$1.4bn in certain specified circumstances, including a change of AstraZeneca's board recommendation.

Recommendation

The boards of directors of both Alexion and AstraZeneca have unanimously approved the proposed acquisition and resolved to recommend that their respective shareholders vote in favour of it.

Advisors to AstraZeneca

Evercore Partners International LLP (“Evercore”), and Centerview Partners UK LLP (“Centerview Partners”) are acting as lead financial advisers. Ondra LLP (“Ondra”) are providing advice as part of their ongoing financial advisory services. Morgan Stanley & Co. International plc (“Morgan Stanley”) and Morgan Stanley Bank International Limited and J.P. Morgan are acting as financial advisors and lead debt financing underwriters. Goldman Sachs Bank USA is acting as lead debt financing underwriter. Morgan Stanley and Goldman Sachs International are joint corporate brokers. Evercore is acting as sponsor in relation to the transaction described in this announcement. Freshfields Bruckhaus Deringer is acting as legal counsel.

Advisors to Alexion

Bank of America Securities is serving as financial advisor to Alexion, and Wachtell, Lipton, Rosen & Katz is serving as legal counsel.

27. On February 19, 2021, defendants filed the Registration Statement, which fails to disclose material information regarding the Proposed Merger.

Financial Analyses

28. The Registration Statement fails to disclose material information regarding the financial analyses performed by Bank of America Securities (“BofA”), Alexion’s financial advisor. When a banker’s endorsement of the fairness of a transaction is touted to shareholders, the valuation methods used to arrive at that opinion and the key inputs and range of ultimate values generated by those analyses must be fairly disclosed.

29. The Registration Statement fails to disclose the following regarding BofA’s Selected Publicly Traded Companies Analyses of both Alexion and AstraZeneca: the individual multiples for the observed companies.

30. The Registration Statement fails to disclose the following regarding BofA’s Selected Precedent Transactions Analysis: the individual multiples for the observed transactions.

31. The Registration Statement fails to disclose the following regarding BofA's Discounted Cash Flow Analysis of Alexion: (i) the unlevered free cash flows used in the analysis and the line items used to calculate unlevered free cash flow; (ii) the inputs and assumptions underlying the discount rates; (iii) the basis for assuming no cash flows and terminal value for Alexion beyond 2040; (iv) the number of fully-diluted shares of Alexion common stock outstanding; and (v) the Company's net debt.

32. The Registration Statement fails to disclose the following regarding BofA's Discounted Cash Flow Analysis of AstraZeneca: (i) the unlevered free cash flows used in the analysis and the line items used to calculate unlevered free cash flow; (ii) the inputs and assumptions underlying the discount rates and perpetuity growth rates; (iii) the terminal values; (iv) the number of fully-diluted shares of AstraZeneca common stock outstanding; and (v) AstraZeneca's net debt.

33. The Registration Statement fails to disclose the following regarding BofA's Wall Street Analysts Price Targets analyses of both Alexion and AstraZeneca: (i) the observed price targets; and (ii) the sources of the price targets.

34. The Registration Statement fails to disclose the following regarding BofA's Premia Paid Analysis: (i) the observed transactions; and (ii) the premiums paid in the transactions.

35. The Registration Statement fails to disclose the following regarding BofA's Has/Gets Analysis: (i) the inputs and assumptions underlying the discount rates; and (ii) the basis for assuming no terminal value for cost-synergies beyond 2040.

Financial Projections

36. The Registration Statement fails to disclose material information regarding Alexion's and AstraZeneca's financial projections. The disclosure of projected financial

information is material because it provides stockholders with a basis to project the future financial performance of a company, and allows stockholders to better understand the financial analyses performed by a company's financial advisor in support of its fairness opinion.

37. The Registration Statement fails to disclose the following regarding Alexion's financial projections: (i) the line items used to calculate non-GAAP operating income; (ii) the line items used to calculate tax-effected EBIT; (iii) the line items used to calculate unlevered free cash flow; (iv) the line items used to calculate non-GAAP EPS; and (v) projected net income.

38. The Registration Statement fails to disclose the following regarding AstraZeneca's financial projections: (i) the line items used to calculate core EBIT; (ii) the line items used to calculate unlevered free cash flow; (iii) the line items used to calculate core EPS; and (iv) projected net income.

Potential Conflicts of Interest

39. The Registration Statement fails to disclose material information regarding potential conflicts of interest.

40. The Registration Statement fails to disclose the timing and nature of any communications regarding post-transaction employment or directorships, including who participated in all of the communications.

41. If disclosed, the omitted information would significantly alter the total mix of information available to Alexion's stockholders.

COUNT I

Claim Against the Individual Defendants and Alexion for Violation of Section 14(a) of the Exchange Act and Rule 14a-9

42. Plaintiff repeats and realleges the above-referenced allegations as if fully set forth herein.

43. The Individual Defendants disseminated the false and misleading Registration Statement, which contained statements that, in violation of Section 14(a) of the Exchange Act and Rule 14a-9, in light of the circumstances under which they were made, failed to state material facts necessary to make the statements therein not materially false or misleading.

44. Alexion is liable as the issuer of these statements.

45. The Registration Statement was prepared, reviewed, and/or disseminated by the Individual Defendants. By virtue of their positions within the Company, the Individual Defendants were aware of this information and their duty to disclose this information in the Registration Statement.

46. The Individual Defendants were at least negligent in filing the Registration Statement with these materially false and misleading statements.

47. The omissions and false and misleading statements in the Registration Statement are material in that a reasonable stockholder will consider them important in deciding how to vote on the Proposed Merger.

48. A reasonable investor will view a full and accurate disclosure as significantly altering the total mix of information made available in the Registration Statement and in other information reasonably available to stockholders.

49. The Registration Statement is an essential link in causing plaintiff to approve the Proposed Merger.

50. Accordingly, defendants violated Section 14(a) of the Exchange Act and Rule 14a-9.

51. Plaintiff is threatened with irreparable harm.

COUNT II

Claim Against the Individual Defendants and AstraZeneca for Violation of Section 20(a) of the Exchange Act

52. Plaintiff repeats and realleges the above-referenced allegations as if fully set forth herein.

53. The Individual Defendants and AstraZeneca acted as controlling persons of Alexion within the meaning of Section 20(a) of the Exchange Act as alleged herein.

54. Due to their positions as officers and/or directors of Alexion and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Registration Statement, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading.

55. Each of the Individual Defendants and AstraZeneca was provided with or had unlimited access to copies of the Registration Statement alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause them to be corrected.

56. Each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control and influence the particular transactions giving rise to the violations as alleged herein, and exercised the same.

57. The Registration Statement contains the unanimous recommendation of the Individual Defendants to approve the Proposed Merger. They were thus directly involved in the making of the Registration Statement.

58. AstraZeneca also had supervisory control over the composition of the Registration Statement and the information disclosed therein, as well as the information that was omitted and/or misrepresented in the Registration Statement.

59. Accordingly, the Individual Defendants and AstraZeneca violated Section 20(a) of the Exchange Act.

60. The Individual Defendants and AstraZeneca had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) of the Exchange Act and Rule 14a-9, by their acts and omissions as alleged herein.

61. These defendants are liable pursuant to Section 20(a) of the Exchange Act.

62. Plaintiff is threatened with irreparable harm.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment and relief against defendants as follows:

A. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from consummating the Proposed Merger;

B. In the event defendants consummate the Proposed Merger, rescinding it and setting it aside or awarding rescissory damages;

C. Directing the Individual Defendants to disseminate a Registration Statement that does not contain any untrue statements of material fact and that states all material facts required in it or necessary to make the statements contained therein not misleading;

D. Declaring that defendants violated Sections 14(a) and/or 20(a) of the Exchange Act, as well as Rule 14a-9 promulgated thereunder;

E. Awarding plaintiff the costs of this action, including reasonable allowance for attorneys' and experts' fees; and

F. Granting such other and further relief as this Court may deem just and proper.

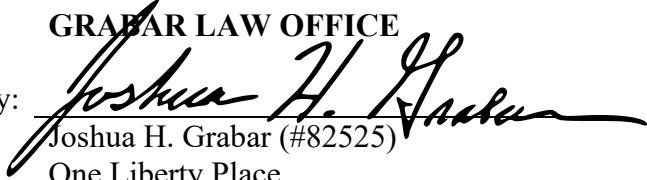
JURY DEMAND

Plaintiff requests a trial by jury on all issues so triable.

Dated: March 30, 2021

GRABAR LAW OFFICE

By:

A handwritten signature in black ink, appearing to read "Joshua H. Grabar", is written over a horizontal line.

Joshua H. Grabar (#82525)

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